

## TERMS AND CONDITIONS

*Below are the Terms and Conditions for participation in group life and health insurance coverage administered by the Department of Employee Insurance (DEI).*

An Employee/Retiree may affix a signature to a paper copy of the KEHP Health Insurance Enrollment Application, the Group Life Insurance Application, or an electronic version of the applications. By typing your name on an electronic application or by logging in and using your unique KHRIS User ID and enrolling through the Employee Self-Service portal, you are agreeing to conduct enrollment in life and/or health insurance coverage by electronic means, thereby creating a legal and binding contract. By affixing your signature in either manner, you understand and agree that:

- A. **PLAN YEAR.** The 2018 Plan Year begins January 1, 2018, and ends at midnight on December 31, 2018.
- B. **EFFECTIVE DATE OF ELECTIONS.** If you are electing a health plan or enrolling in optional life insurance or a Flexible Spending Account (FSA) during open enrollment, the FSA and your health and life insurance will be effective January 1 of the following Plan Year. If you are a new employee or a newly eligible employee electing a health plan or enrolling in optional life insurance or an FSA outside of open enrollment, the FSA and your health and life insurance will be effective the first day of the second month after a new employee or newly eligible employee is eligible to enroll. Employees enrolling in life insurance must be actively at work, full time, on the day the employee's insurance is scheduled to begin.
- C. **PLAN INFORMATION.** You have read and understood the 2018 Benefits Selection Guide (BSG). Plan rules and limitations are contained in the KEHP Summary Plan Descriptions (SPD) or Medical Benefit Booklets (MBB) and the Summary of Benefits and Coverage (SBC). Life insurance rules and limitations are outlined in the Certificate of Coverage (CoC). All benefits for your eligible dependents and you will be provided in accordance with the rules and limitations in the SPDs, MBBs, BSG, SBCs, and CoC. You will abide by all terms and conditions governing participation, membership, and receipt of services from the plan(s) in which you have enrolled and as set forth in the SPD, MBB, and CoC. In the event of a conflict between the terms of coverage stated in the SPDs, the MBBs, the BSG, the SBCs, and the CoC, the terms of coverage stated in the SPDs or MBBs and CoC will govern.
- D. **THIRD PARTY ADMINISTRATORS.** DEI uses third parties, including Anthem, CVS/caremark, WageWorks, Go365, Vitals, and Nationwide Life Insurance Company to provide certain administrative functions. DEI may communicate with you directly or through these third parties about your insurance coverage, your benefits, or health-related products or services provided by or included in KEHP's health plans or KGLI plans.
- E. **CROSS-REFERENCE.** If your spouse and you elect the cross-reference payment option, you are planholders with family coverage, and upon a loss of eligibility by either spouse, the remaining planholder will default to a parent plus coverage level. The cross-reference payment option ceases upon loss of eligibility or employment by either spouse/planholder.
- F. **DEPENDENT ELIGIBILITY.** You certify that each enrolled dependent meets KEHP's dependent eligibility requirements as set forth in the SPD and MBB (health) and the CoC (life). DEI may require supporting documentation to verify the eligibility of any dependent enrolled or requesting to be enrolled in benefits.
- G. **CHANGING ELECTIONS.** The elections indicated by your KEHP Health Insurance Enrollment Application, Group Life Insurance Application, or online enrollment may not be changed or cancelled during the Plan Year without a permitted Qualifying Event.
- H. **DEDUCTION FROM EARNINGS.** When you enroll in an FSA, optional life insurance, and health insurance, you authorize your employer to deduct from your earnings the amount required to cover your employee contribution to the FSA, your employee contribution to health insurance, and your life insurance premium, including any arrears you may owe. Deductions for FSA and the employee contributions to health insurance are made on a pre-tax basis unless you sign a Post-Tax Request Form. Deductions for life insurance premiums are made on a post-tax basis.
- I. **PRIORITY OF PAYMENTS.** Any moneys submitted to DEI that you intend to be used to fund your FSA, pay for your health insurance premium contribution, or pay for your optional life insurance coverage, may first be used to pay other priority debts that may be due and owing, such as taxes and child support.
- J. **DEPENDENT CARE FSA.** If you choose a Dependent Care FSA, you are eligible to seek reimbursement, as authorized by 26 U.S.C. Sections 21 and 129, for dependent care expenses. The Dependent Care FSA may only reimburse eligible dependent care expenses that are incurred during the applicable coverage period.
- K. **FSA CARRYOVER.** Unused amounts of \$50 and up to a maximum of \$500.00 remaining in your Healthcare FSA at the end of the Plan Year will carry over to the next Plan Year and may be used to reimburse you for medical expenses that are incurred during the subsequent Plan Year.
- L. **WAGEWORKS HEALTHCARE CARD.** WageWorks will administer FSAs and HRAs for the 2018 Plan Year and will issue a WageWorks Healthcare Card to you for the payment of Healthcare FSA and HRA expenses. Your WageWorks Healthcare Card will be suspended if requested claim verification is not sent to WageWorks within ninety (90) days after the card swipe. You agree to follow all rules and guidelines established by the Plan concerning the WageWorks Healthcare Card. The Plan reserves the right to deny access to the card, require repayment, deduct/withhold from your paycheck, and offset your Healthcare FSA or HRA if you fail to verify a claim.
- M. **WAIVING HEALTH INSURANCE COVERAGE.** If you elect to waive KEHP health insurance coverage, with or without a Waiver Health Reimbursement Arrangement (HRA), you are doing so voluntarily. If your employer participates in the Waiver HRA program, there are two options available: the Waiver General Purpose HRA and the Waiver Dental/Vision Only HRA. You understand that you will be eligible for the Waiver General Purpose HRA only if you have other group health plan coverage. You further understand that your spouse and eligible dependents, if applicable, cannot be covered under the Waiver General Purpose HRA unless your spouse and dependents also have other group health plan coverage.
- N. **WAIVER GENERAL PURPOSE HRA RULES.** If you elect a Waiver General Purpose HRA, you declare that you and your spouse and dependents, if applicable, are enrolled in another group health plan that provides minimum value. A "group health plan" refers to coverage provided by an employer, an employer organization, or a union. A "group health plan" does not include individual policies purchased through the Marketplace or governmental plans such as TRICARE, Veteran's Benefits, Medicare, or Medicaid. A group health plan that provides "minimum value" means the plan pays at least 60% of the total allowed cost of covered benefits/services and participants or members in the plan are required to pay no more than 40% of the total allowed cost of covered benefits/services. If you elect a Waiver General Purpose HRA and cease to be covered under another group health plan that provides minimum value, you agree to notify KEHP within 35 days of the date that the other group health plan coverage ceased. In this event, coverage under the Waiver General Purpose HRA will be terminated and you may elect a KEHP health insurance plan option or the Waiver Dental/Vision Only HRA. You are permitted to permanently opt out of and waive future reimbursements from the Waiver General Purpose HRA at least annually at open enrollment.
- O. **HRA CARRYOVER.** Unused amounts up to and including \$7,500 remaining in your HRA at the end of the Plan Year may be carried over to the next Plan Year provided you are eligible to elect an HRA. You must elect the same type of HRA in a subsequent Plan Year for the funds to carry over.
- P. **WAIVER HRA FUNDS AFTER TERMINATION.** You may use funds remaining in a Waiver HRA after termination to reimburse you for eligible expenses incurred during the coverage period and prior to termination of the Waiver HRA. Upon termination of employment, the remaining amounts in a Waiver HRA are forfeited, except that you may be reimbursed for any eligible medical expenses incurred prior to the last day of the last pay period worked, provided that you file a claim by March 31 following the close of the Plan Year in which the expense was incurred.
- Q. **HRA AND FSA EXPENSE REIMBURSEMENT.** An HRA and/or Healthcare FSA may only reimburse you for medical expenses, as authorized by 26 U.S.C. Sections 105(b) and 213(d), that are incurred during the applicable coverage period. The Waiver Dental/Vision Only HRA may only reimburse you for eligible dental and vision expenses. Pursuant to federal law, the cost of over-the-counter medicines (other than insulin and those prescribed by a doctor) may not be reimbursed through your HRA or Healthcare FSA.

- R. **HRA AND FSA RUN-OUT PERIOD.** You have a 90-day run-out period (until March 31) for reimbursement of eligible FSA and HRA expenses incurred during the period of coverage.
- S. **MINIMUM ESSENTIAL COVERAGE.** KEHP provides plan options that, under the Affordable Care Act, constitute minimum essential coverage that is affordable and provides a minimum value. As such, by receiving an offer of coverage through your employer, you are not eligible for a health insurance premium tax credit if purchasing insurance through the Marketplace. In addition, if you decline coverage for your spouse or dependent, your spouse or dependent will not be eligible for a health insurance premium tax credit if purchasing insurance through the Marketplace.
- T. **COORDINATION OF KEHP HEALTH PLANS AND MEDICARE COVERAGE.** The four KEHP plan options and the Waiver General Purpose HRA must pay primary to Medicare. The Waiver Dental/Vision Only HRA pays secondary to Medicare.
- U. **TOBACCO USE DECLARATION.** You have reviewed the KEHP Tobacco Use Declaration and have truthfully answered all questions in your KEHP Health Insurance Enrollment Application regarding tobacco use by you, your spouse, and your dependents over the age of 18.
- V. **LIVINGWELL PROMISE.** KEHP's LivingWell wellness program includes the KEHP LivingWell plan options. If you choose one of the KEHP LivingWell plan options, you agree to fulfill a LivingWell Promise. Federal law allows KEHP to reward members who participate in the LivingWell wellness program. For members who choose a LivingWell plan option, the reward includes premium discounts for those who fulfill the LivingWell Promise.
- ◆ If you enrolled in a LivingWell plan option for 2017 and you fulfilled your LivingWell Promise, you will receive a monthly premium discount of \$40.00 if you enroll in a LivingWell plan option for 2018. If you enrolled in a LivingWell Plan option for 2017 and you did not fulfill your LivingWell Promise, you will not receive a monthly premium discount of \$40.00 if you enroll in a LivingWell plan option for 2018.
  - ◆ If you enroll in either the LivingWell CDHP or LivingWell PPO plan options for 2018, you must complete (1) an online Go365 Health Assessment; OR (2) a biometric screening between January 1, 2018, through July 1, 2018.
  - ◆ If you are a new employee and you choose a LivingWell plan option outside of open enrollment, you must complete the Health Assessment OR biometric screening within 90 days of your coverage effective date.
- W. **HIPAA.** You have rights under HIPAA regarding the protection of your health information. KEHP will comply with the HIPAA Privacy and Security rules, and uses and disclosures of your protected health information will be in accordance with federal law. KEHP may use and disclose such information to business associates or other third parties only in accordance with KEHP's Notice of Privacy Practices available at [kehp.ky.gov](http://kehp.ky.gov).
- X. **FRAUD WARNING.** Any person who knowingly, and with the intent to defraud, files an application for insurance containing any materially false information (including a forged signature or incorrect signature date), or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act which is a crime. You can be held responsible for any fraudulent act that you could have prevented while acting within your duties related to obtaining employer-sponsored health and life insurance, and it may be used to reduce or deny a claim or to terminate your coverage. Information contained in your life insurance benefit elections, if incorrect or misleading, may void the policy effective as of the date of issuance.
- Y. **ACKNOWLEDGEMENT.** You have fully read these Terms and Conditions, the KEHP Legal Notices, and the KEHP Tobacco Use Declaration. Your signature on the KEHP Health Insurance Enrollment Application, the Group Life Insurance Application, or your electronic signature used for online enrollment certifies that all information provided during this enrollment opportunity is correct to the best of your knowledge.
- Z. **EXCEPTIONS MAY APPLY.** Exceptions may apply to employees of certain employers participating in KEHP and the Commonwealth's group life insurance benefits. Exceptions may also apply to KTRS, KRS, LRP, and JRP retirees. Please refer to the participation rules of your employer or retirement system for further information.